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NUMMI NOW AND NEXT ANALYSTS PREDICT SPORT-UTILITY OR HYBRID WAGON MIGHT BE
FUTURE PRODUCT AT FREMONT PLANT

MATT NAUMAN, Mercury News Auto Editor

WE know this for certain: NUMMI already is building the 2000 model year Toyota Corolla sedans, Toyota Tacoma pickups and Chevrolet Prizm sedans.

Beyond that, it gets a little fuzzy.

General Motors acknowledges that the slow-selling Prizm will go away. That begs the question of what GM will next get out of the Fremont assembly plant it jointly owns with Toyota, if anything.

One scenario, where GM pulls out of **NUMMI** and leaves it all to hungry-for-domestic-production Toyota, now seems unlikely.

"It's not our intention to walk away," Richard Wagoner, **GM president** and **chief operating officer**, said last weekend in Monterey. "At the time that it's called for, it's very much the expectation that we'll have a replacement product."

Echoes Brad Rogers, **head** of **GM's** international and joint-venture programs: "We're not going away. General Motors puts a high **value** on the **relationship** we've had with Toyota. **NUMMI** is the cornerstone of our **relationship**."

So, then, assuming that GM and Toyota continue the New United Motor Manufacturing Inc. joint-venture, what's next?

It's obvious that GM doesn't need another small car. Currently, the world's largest automaker sells eight small cars in the United States -- Chevrolet Metro, Cavalier, Prizm and Malibu; Saturn S-Series; Pontiac Sunfire and Grand Am; and Oldsmobile Alero. This is at a time when small-car sales are falling. From a high of 115,000 in 1994, Prizm sales fell to under 50,000 last year.

And that's what leads to all the speculation about the future.

In April in the Detroit News, Paul Lienert wrote that Chevy would replace the Prizm with "a less-conventional model" in 2001, "a small crossover vehicle or a sporty coupe that could be built on the Corolla platform." Lienert runs Automotive Intelligence Reports, a Detroit automotive information services company.

In June, he wrote that Toyota was considering building "a smaller tall-roof wagon" at NUMMI. Toyota and GM would each get a version of it, with GM likely selling it as a Pontiac.

Last month, the Kyodo News Service filed a story out of Nagoya, Japan, saying that GM and Toyota were discussing making sport-utility vehicles at NUMMI.

And Automotive News, on Aug. 16, quoted suppliers as saying Chevy would drop the Prizm and build "a sport wagon based on the 2003 Toyota Corolla platform." NUMMI is expected to build that car, the weekly publication said.

For the record, both GM and Toyota are mum.

"Future product? That's up in the air," said Toyota spokesman John Hanson.

"I can't officially talk about it," said GM's Rogers. "We've considered all those alternatives you just mentioned. Frankly, I think in the end the marketplace is going to dictate it."

Kanji Ishii, NUMMI's president, described speculation of what NUMMI will build next as "a very delicate issue."

Analysts are not so quiet.

"My guess is it'll be some sort of hybrid sport-utility," said Jim Hossack, vice president at AutoPacific, an auto-industry consultancy based in Tustin. "I think we're seeing less emphasis on cars and more emphasis on trucks, particularly on sport-utilities."

A smaller sport-utility would make sense for GM, which now offers the slow-selling Chevy Tracker as its entry-level SUV. It's built at another joint-venture plant, one that GM shares with Suzuki in Ontario, Canada.

In 1998, NUMMI's 4,900 employees built 203,266 cars and 158,406 Tacoma trucks. Of the cars, about one-quarter of them were Prizms; the rest were Corollas. While NUMMI is the sole source for Prizms, Toyota also builds Corollas for U.S. sale in Canada and Japan.

Model year 2000 is the third year of production of the current generation Prizm. With the previous generation (1993-1997), the car was on a five-year production cycle. If that pattern continues, the 2002 Prizm would be the last year of the production cycle, meaning assembly would conclude during the summer of 2002.

For the 2000 model year, changes are few to the NUMMI lineup:

(box) Toyota Corolla. The sedan gets Toyota's VVT-i variable-valve engine technology for 2000, which bumps horsepower from 120 to 125, said Toyota's Hanson. Otherwise, the car gets only minor cosmetic changes.

(box) Chevrolet Prizm. "The vehicle is basically a carry-over," said Margaret Brooks, the Chevrolet brand manager for the Prizm, Metro and Tracker. Some popular features, such as air conditioning and full wheel covers, are now included as standard equipment. The Prizm also gets Toyota's VVT-i engine.

(box) Toyota Tacoma. The truck being built now is the same as the 1999 model, but, Hanson said, "little wrinkles" come midyear. NUMMI executives have said a step-side truck, a pickup with a more stylish cargo box exterior, goes into production in the near future. It'll arrive as a midyear 2000 model. After that, probably in 2001, NUMMI will start building a four-door Tacoma model.

Photos (3)

PHOTO RICK E. MARTIN - MERCURY NEWS\General Motors plans to stop producing the slow-selling Prizm. But, it's uncertain what GM will next get out of the Fremont assembly plant it jointly owns with Toyota, if anything. GM and Toyota officials have remained close-mouthed on the subject.\(990903 DR 1G)\ PHOTO NUMMI builds Chevrolet Prizm sedans, below.\(990903 DR 1G)\ PHOTO Toyota Corolla sedans and Toyota Tacoma pickups, top.\(990903 DR 1G)

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